

**189—5.4(533) Prohibited practices.**

**5.4(1) *Anti-tying.*** A credit union may not extend credit or alter the terms or conditions of an extension of credit conditioned upon the borrower's entering into a debt cancellation contract or debt suspension agreement with the credit union.

**5.4(2) *Misrepresentations generally.*** A credit union may not engage in any practice or use any advertisement that could mislead or otherwise cause a reasonable person to reach an erroneous belief with respect to a debt cancellation agreement.

**5.4(3) *Prohibited contractual arrangement terms.*** A credit union may not offer debt cancellation agreements that contain terms:

- a.* Giving the credit union the right to unilaterally modify the arrangement unless:
  - (1) The modification is favorable to the borrower and is made without additional charge to the borrower; or
  - (2) The borrower is notified of any proposed change and is provided a reasonable opportunity to cancel the arrangement without penalty before the change goes into effect; or
- b.* Requiring the borrower to make a lump-sum, single payment at the outset of the contract or agreement where the debt subject to the contract or agreement is a residential mortgage loan.